PRAISE FOR Joy at Work

“Joy at Work is a remarkable book about a remarkable company told by a remarkable man. For almost 20 years, AES defied most conventional management wisdom as it built a culture in which people were treated as adults, leaders were truly servant leaders, and fun was a core value that became actualized in the day-to-day lives of AES people, not something just hung on the wall to be talked about. The lessons of this journey are captured by Dennis Bakke in a brilliantly written, frank, and honest account of the ups and the downs. In a world in which fear often seems to have replaced fun, the search for profits has replaced the pursuit of purpose; conformity and following the crowd have replaced the courage to do the right thing and live by principles; and widespread corruption has replaced the conviction of ideals, this book offers both the recipe for a better way of organizing and being in an organization and the inspiration to try. Never has a book such as this been more needed, more important, or more welcome.”

— Jeffrey Pfeffer, professor of organizational behavior, Stanford Graduate School of Business

“The idea of creating a workplace in which everyone maximizes his or her God-given potential and serves the community is a strong biblical principle. This book provides valuable ideas for leaders who wish to build or strengthen organizations using sound spiritual principles: service, integrity, and social responsibility. Dennis Bakke knows firsthand what it is to put these truths to work.”

— Chuck Colson, founder, Prison Fellowship Ministries
“All leaders—and aspiring leaders—should read this provocative book. Writing from his own experience, Dennis Bakke turns conventional management thinking on its head. He's big on accountability, but his unorthodox views will shock most of today's corporate-governance gurus. And when did you last hear a CEO give himself less than straight A's on his published report card? Bakke is a committed Christian, but you don't have to share his religious views to appreciate his vision of leadership. Joy at Work is a joy to read.”

— Lynn Sharp Paine, John G. McLean Professor, Harvard Business School

“Dennis Bakke is one of the best examples of postmodern management, illustrating that the best way to do business is to create an organization in which both labor and management become joyfully self-actualized human beings. In this book he proves that it works. If you're looking for a model in which labor and management reach a respect and make work a fulfilling experience, look no further.”

— Tony Campolo, professor emeritus of sociology, Eastern University

“Dennis Bakke is widely known as an innovator in business and in the development of the people who make up the firm. In this book, he shares both the joys and some of the difficulties of walking the talk in the real world of the marketplace. It's a book that every leader in business should read.”

— C. William Pollard, chairman emeritus, ServiceMaster

“Dennis Bakke gives a riveting account, warts and all, of how he tried to practice what he preached. Anyone who believes that values are relevant to a publicly traded company will find this book provocative, challenging, and stimulating.”

— Lord Brian Griffiths of Fforestfach, vice chairman, Goldman Sachs International
“Finally! Here’s a truth-telling CEO, with years of in-the-trenches experience, who practices what he preaches. Dennis Bakke thoughtfully dispels popular business myths, and he’ll persuade you to think differently about your workplace. People are not “our most important asset.” (People are people, not assets.) Customers are not always No. 1. (It’s not that simple.) Gutsy CEOs will buy Joy at Work for every co-worker—and feed a revolution of joy in the workplace. Managers who thrive on power, prestige, and phony empowerment will hate this book. I hope Joy at Work becomes a movement.”

— John Pearson, president and CEO, Christian Management Association

“Dennis Bakke’s exciting and provocative approach may be the answer. Getting extraordinary performance from ‘ordinary’ people has the potential to change organizations and even, perhaps, our society. It is worth pondering.”

— Walter Scott, professor of management, Kellogg School of Business

“I have espoused for many years that you should ‘love your job,’ but Joy at Work takes this concept much deeper. This book challenges the traditional organizational structure and the purpose of the organization. It’s a must-read and will also challenge your thinking about better ways to run a business.”

— Roger Eigsti, former CEO and chairman, Safeco Corporation

“Not surprisingly, Dennis Bakke vaporizes the wall between ‘secular’ and sacred. His vision of leadership, hammered on the anvil of the highest level of corporate experience, is radically right for the church and the nonprofit world as well.”

— John Yates, rector, The Falls Church
“The beauty of Dennis Bakke’s philosophy and approach is its humane simplicity. Dennis’s fun and practical insights into creating and sustaining a joy-filled workplace come from his personal and shared journey of more than 20 years of hard-fought incubation and nurturing, trial and error, frustration and exhilaration, and ultimately failure and success at AES—in short, life. By sharing some of that journey, I felt the power and excitement of Joy at Work.”

— Barry Sharp, chief financial officer, AES

“In Joy at Work, Dennis Bakke walks us through the tough, real-time dilemmas of a large, complex international business. It should be required reading for younger executives striving to balance success and significance.”

— J. McDonald Williams, chairman emeritus, Trammell Crow Company

“Dennis Bakke’s Joy at Work presents us the high vision of our daily work as a joyous, sacred calling. You will find his remarkable story inspiring and fascinating.”

— Howard E. Butt, Jr., vice chairman, HE Butt Grocery Company

“Dennis Bakke has written a totally helpful book, and not only for business types. As a pastor, I was deeply challenged by the holy realism and enduring hope in spite of human setbacks. The principles approach is as wise as it is concrete. I recommend this book.”

— Earl F. Palmer, senior pastor, University Presbyterian Church

“Dennis Bakke reminds us that no matter the role, whether it be manager or employee, coach, star, or backup, it is getting to make decisions that makes work fun! Out of all the books I’ve read on leadership, few have been as powerful as Joy at Work.”

— Trent Dilfer, Super Bowl champion quarterback
Joy at Work
JOY
AT
WORK

A Revolutionary Approach
to Fun on the Job

DENNIS W. BAKKE

www.dennisbakke.com
To my mother, Ruth Hawkinson Bakke,
who taught me how to work

To Eileen Harvey Bakke, who walked with me
every step of the journey

To Dave McMillen, who used my theories
to help build a workplace filled with joy
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“This is just like AES!” exclaimed my then-12-year-old son, Peter, as I arrived home. He had presented me with a rubber-band ball that he and his sister, Margaret, had proudly created. “See all the different colors and sizes of rubber bands; they represent all the different abilities and cultures of AES people.” (He had visited AES businesses in Argentina, Brazil, England, Hungary, Pakistan, Uganda, and the United States).

He then bounced the ball off the kitchen floor. “Dad, it does what it’s supposed to do. It bounces.” Peter took one of the rubber bands off the ball and threw it on the floor. “You see, it doesn’t bounce by itself. It only works when the rubber band is stretched around all the other rubber bands. That makes it bounce.”

I was amazed by and proud of his insight. He had captured much of the essence of what I was trying to create at AES: a group of people from different cultural backgrounds, with unique talents, skills, and aspirations, stretched and bound together to serve the world.
Principles are the bottom line.

PREFACE

My passion is to make work exciting, rewarding, stimulating, and enjoyable. Most books on organizational life and work focus on top executives and the strategies they use to guide their organizations to success, which is usually defined by financial results. This book is aimed primarily at the working life of the other 90 to 95 percent of people in large organizations. While economic success is also an important goal for them and their companies, the meaning of success goes far beyond the bottom line. For them, the crucial measure of success is the quality of their work lives.

I have had the good fortune to help thousands of people find joy at work. My dream, perhaps quixotic but worth every last ounce of my energy, is to spread this joy to businesses and other organizations large and small. (See Appendix A for an overview of my approach.)

This is a book that celebrates the feelings of fulfillment that can be found in a humane and enlightened workplace. This sort of workplace does not preclude economic success. Indeed, there is ample evidence that a joy-filled workplace improves financial performance. But this is not a how-to book for executives looking to improve their stock price or beat the competition. This is a book for people who want more from their jobs than a paycheck and a benefits package.

This book is for you if you are:
Stuck in a miserable job but motivated to do something about it. You are creative, capable, and responsible, and you desire a greater opportunity to use your talents and skills. A place just to make money is not good enough for you.

A student in a management or leadership program who is not yet intoxicated by the exercise of power over people in the workplace. You are open to an alternative view of leadership, a different sort of workplace, and a new definition of success for the organizations that you will one day lead.

A high school or college student who wants to earn a living and have fun at the same time, in a way that is compatible with your values and beliefs.

A mid-level manager who feels trapped by a top-down, highly centralized organization. You know that your company is inhospitable to a values-based approach, but you are willing to suggest radical changes, even though you may be putting your job on the line.

A government, business, nonprofit, or educational leader who appreciates the personal qualities of your colleagues and sees them as more than robots performing designated tasks. You seek a workplace that honors their talents and encourages them to strive.

A president, director, or CEO who would be open to a different organizational model if it would bring joy to workers while still allowing your organization to achieve important business goals.

A scholar, researcher, or writer who understands, in your heart, the values and virtues of a joy-filled workplace. You need the courage to resist the blandishments—book contracts, consulting work, high-paying jobs—that are routinely offered to people who preach ruthless efficiency and unstinting pursuit of profits.
A priest, pastor, imam, or rabbi who is looking for a better way to understand and explain the relationship between faith and the jobs where congregants spend much of their time.

The idea of writing about the philosophy described in *Joy at Work* originated in the mid-1990s. I was CEO of AES, an energy company that by 2002 had plants in 31 countries, $8.6 billion in revenue, $33.7 billion in assets, and 40,000 AES people. In a dozen years of operations, we had developed a highly unconventional workplace culture and also achieved enviable financial results.

Several family members, some close friends, a few business associates, and numerous students who persevered through my lectures suggested that I start putting what I was learning at AES in some publishable form. Joel Fleishman, distinguished professor of public policy at Duke University, was the most persistent, even offering to hire someone to follow me around to my lectures and write the book for me.

I kept putting people off. “Maybe someday,” I would say, or “I’m too busy being a CEO, husband, and father,” or “I’m not sure there is enough here for a book.”

While these excuses were at least partially true, fear of failure was probably the biggest roadblock. I knew that writing was difficult for me, especially writing something that was fresh and interesting—and perhaps even transforming, if I could put my thoughts and beliefs on paper in a clear and convincing way. Most authors writing about business topics say, in effect, “I did it, and here’s how you can, too.” This is not my purpose. I feel confident that I am on the right path, but I know I am still far from my destination. This book is an extended argument for a simple proposition: The workplace should be fun and fulfilling.

The case I make lacks the precision of science and the airtight logic of law. Instead, it is built on passion, experience, and common sense. These are the emotional and mental tools that guide us in our everyday lives.
Many people have been on this journey with me. My brilliant and loving wife, my children, other family members, AES colleagues, and friends have provided insights, wisdom, and encouragement.

Despite their support and guidance, I still make mistakes in plotting my route and staying on course. Undoubtedly, some of these errors have crept into this book.

I am not a master of philosophy, theology, psychology, or sociology, but my wanderings have taken me into the territory of each. My lack of a thorough grounding in these disciplines made it necessary to lead the AES Corporation in a way that was best described by my colleague Tom Tribone (one of our most creative developers of new business): “We try it out in practice and then see if it works in theory.” Much of what might sound like theory or philosophy in this book is the product of trial and error.

I plan to write only one book, and I’m going to lay out everything I know. This is it. As my college football coach always said before each game, “Leave everything on the field.”

My brother Ray, author of several books on the urban church, often reminds folks in his writings and sermons that “a point of view” is really “a view from a point.” I have tried to write this book from the perspective of a God-centered world rather than a human-centered world, which is the vantage point of many of our nation’s leaders in business, government, and academia. (See “Enter Into the Master’s Joy,” the postscript of this book, for a discussion of my faith journey and its effect on my views of the workplace.)

My understanding of work, business, and life is colored by my early years in the picturesque, isolated Nooksack Valley at the foot of Mount Baker in Washington state. The nearest small town was 30 miles away. All four of my grandparents had immigrated to Washington from Norway early in the 20th century. My dad never went to college. He went from job to job as a day laborer in construction or logging. He was a lifetime union member, a source of great pride to him. During most of my formative years, he was forced to leave home for six to seven months each year to find work in Alaska.
Seldom was he able to take home more than a few thousand dollars a year during the 1950s and early 1960s. My mom ended her formal schooling in 10th grade after her father died. Like my parents, none of my aunts and uncles went to college.

In the spring of my senior year at the University of Puget Sound in Tacoma, Washington, I phoned my dad to get his blessing on my choice of graduate schools. I had gone to UPS primarily because the school gave me a bigger scholarship to play football and basketball than others did for academics. I am sure he thought that four years of college was enough—and that it was time to get to work. But he was gracious enough not to raise that issue.

"Where are you thinking about going?" he asked.


There was a pause on the phone.

"Where's that?" he asked.

"In Boston," I replied.

After another extended pause, he said, "I don't recommend you do it, Denny. It's very far away, and I have never heard of it. It can't be a very good school." Needless to say, this story has been well received at my lectures over the years at places like Stanford, Michigan, Georgetown, and the Kellogg School at Northwestern. It is also strong evidence of my early isolation from the centers of higher education that have had such a powerful influence on the philosophy of business, organizations, and marketplaces. In intellectual terms, I entered graduate school as a blank slate, open to new ideas and unencumbered by the intellectual complacency that afflicts many undergraduates at Ivy League schools.

There is a disturbing preoccupation with economics in our world. We often calculate our worth as individuals by the salary we receive or our net worth. "It's the economy, stupid!" reminds us that our government and its leaders are judged more on economics than on principles. Not surprisingly, the same belief that "economics is king" also drives most business organizations. I believe that economics is important for individuals, organizations, and nations.
However, it is only one element of a healthy life and far from the most important one. On my bookshelves are more than 100 volumes about businesses and organizations. Most of them attempt to make a case for a particular set of values, principles, and strategies that will help organizations achieve financial success, grow, and sustain themselves over a long period of time. They contain mountains of useful information about how to lead organizations. But most are deficient in one major respect: They don’t define the ultimate purpose of an enterprise.

The principles and purposes that I espouse are meant to be ends in and of themselves, not techniques to create value for shareholders or to reach other financial goals. Some critics may discount my views because the AES stock price has fallen precipitously from its heights of 1999 and 2000. To dismiss my views on these grounds ignores three fundamental points: First, the workplace values that I advocate took AES to a lofty share price in the first place. Second, external factors—notably the Enron scandal and the California blackouts—clobbered the stock price of most energy companies, regardless of whether they were involved in the difficulties that beset the industry (AES was not). Third, and by far most important, the principles embraced by AES stand on their own merits whatever the company’s share price.

Winning, especially winning financially, is a second-order goal at best. Working according to certain timeless, true, and transcendent values and principles should be our ambition. A major point of this book is to suggest a broader definition of organizational performance and success, one that gives high priority to a workplace that is filled with joy for ordinary working people. Such a place gives all workers an opportunity to make important decisions and take significant actions using their gifts and skills to the utmost. Our experience at AES showed that this kind of workplace can be the cornerstone of an organization that is vibrant and economically robust.
A joy-filled workplace gives people the freedom to use their talents and skills for the benefit of society, without being crushed or controlled by autocratic supervisors.

CHAPTER 1

My Introduction to Work

Kenny was a bright-eyed, smallish 2-year-old with an ugly scar and a slightly deformed face. He and his two older sisters had come to live as foster children at the Bakke home in Saxon, Washington, a few months earlier. They had been “temporarily” taken away from their parents by the county welfare department and placed in our family’s care for an indefinite period of time.

On this particular day, my mother had organized the evening work in her usual style. The kitchen was abuzz with activity. I was 16 years old and charged with cooking creamed peas for supper. My younger brother was carrying wood from the shed to the storage area next to the kitchen. Kenny’s older sisters were clearing dirty cooking dishes and setting the table with dinnerware. Mom was overseeing all of this as she swept the floor and kept an eye on the homemade ice cream being churned. No one was paying attention to Kenny, who watched the work scene in front of him while running his matchbox car back and forth across his highchair tray. Suddenly, the 2-year-old threw his car on the floor and picked up the spoon on his tray. “I want jobs, I want jobs, I want jobs,” he chanted as he pounded his spoon.

I think this little guy with a crooked smile and troubled past was saying, “I want to contribute. I can make a difference. I want
to be a part of the team. I’m somebody. I want to have fun working, too!” Over the years, I have reflected on this moment and come to believe that it captures the early and substantial influence Mom had on my concept of fun in the workplace. Somehow, she created an environment in which everyone was energized, not from fear of punishment or promise of rewards but from a desire to accomplish something positive. She had unbridled confidence in our ability to accomplish the tasks at hand. I can think of few things she didn’t believe we could achieve, even at an early age. She gave us enormous freedom to work and make decisions. Somehow she made work so attractive that even an abused 2-year-old wanted desperately to pitch in for the sheer joy and excitement of it.

Like a lot of rural families with immigrant roots, we knew about work. My first regular job outside the home was as a 5-year-old when my grandfather hired me to chase the cows home to the barn each evening for milking. Looking back, I marvel at the skills I acquired while performing this job. I learned the importance of time, because I had to leave my house precisely at 5 p.m. to scour more than 180 acres of fields and woodlands and a mile of riverfront to round up the cows. I learned that they would gather in different places during rain, cold, or summer heat. I learned how to cope with darkness because it arrived at 4:30 p.m. during winter on the 49th parallel. I gained my initial understanding of stewardship—a concept that would become central to my life and that I will explain later in this book—when I was required to put 5 cents of the 50 cents a week I earned into the offering at church on Sunday. I voluntarily put the rest in my piggy bank. When the bank was full, I used the contents to buy government savings bonds.

When I was 7, I drove the tractor that lifted hay bales from the loaded wagons coming from my grandfather’s fields into the barn mow. This was exciting because of the pressure involved in stopping the tractor at precisely the right moment so that the bales would fall in the part of the barn where they were to be stacked.

For 10 years after I turned 6, I also picked strawberries for 25 to
joy at work

30 consecutive days every June and July. When that season came to an end, my family and I would harvest raspberries, blueberries, and hay at local farms. In all of these endeavors, I had significant control of how fast I worked and how much time I spent on the job. I knew at the end of each day how good or bad my performance was.

The first “manufactured” goods I produced were bundles of kindling that my brother Lowell and I cut from old cedar logs. We sold them to relatives and their neighbors who lived in faraway Seattle. This experience taught me not only how to use an ax and a power saw but also how to package a product and how to price it for the marketplace.

When I was 13, my Uncle Aadne, who lived on the farm next door, gave me a young steer to raise. I sold it back to him 18 months later and used the money to start my own cattle business. Uncle Ralph from San Francisco invested over $800 in my purchase of eight Hereford heifers, the beginning of a herd that would reach 29 head of cattle by the time I left home for college. Unfortunately, this financially successful business ended abruptly when my mom phoned me at college to say that the cows had broken through the fences into the neighbors’ property “one too many times.” She had sent the entire herd to be sold at the regional auction barn.

These early work experiences were more important to my later understanding of the workplace and business than my formal schooling, including the two wonderful years I spent at Harvard Business School. In fact, I don’t recall the words “fun” and “work” being mentioned in the same breath during my time at Harvard.

Also crucial to my sense of what makes a workplace fun (or not so fun) were the six years (1970–76) I spent in the federal government—first at the Department of Health, Education, and Welfare, then in the Office of Management and Budget, and later at the newly formed Federal Energy Administration. It was during those years that I learned that having a purpose made work meaningful. I also came to understand the destructive tyranny of most central staff operations. For people who did not have the privilege of working in
those central offices, the workplace was seldom rewarding or fun.

One of the most productive and exciting hours of my life was a car trip from Annapolis, Maryland, to Washington, D.C., in 1980 with Roger Sant, AES co-founder and my extraordinary business partner for over 20 years. Roger is the finest business strategist I have ever known. Without him, AES would never have come into existence or survived past the first few years. My gratitude to this remarkable person cannot be exaggerated. His great gift to me was providing the freedom to develop and implement the ideas in this book. He also graciously granted me the title of co-founder, although I was not deserving of the equal status this designation implied. Roger started the company; I helped. Few board members, even those who joined long after the company began, believed the co-founder premise. “Roger and the kids” was the way one board member put it.

We were returning from a conference where we had just decided to end the work of the Energy Productivity Center at Carnegie Mellon Institute (a research arm of Carnegie Mellon University), where I worked from 1977 to 1981. During the drive, we outlined our dream for a new company that would become Applied Energy Services, Inc. (later the AES Corporation and finally AES, The Global Power Company). As I recall, the only reference to the eventual values and principles of AES during that conversation was Roger’s comment as he dropped me off at my house: “And let’s make it fun.”

The business logic of the company was outlined in a study that grew out of the work Roger and I did at the Mellon Institute. (In 1984, the study was published as a book, *Creating Abundance: The Least Cost Energy Strategy.*) Our premise was that if the generation of electricity was not owned or regulated by the government, the competition among private owners would reduce prices to consumers and improve efficiencies and service. We launched the company in January 1982 with a bank loan of $60,000, which we personally guaranteed, and a million dollars from investors, including a few family members. (For a thumbnail history of the company, see Appendix A.)
A year after starting AES, Roger and I were returning from a frustrating visit in Los Angeles with the ARCO Corporation (later BP/Amoco). AES had an agreement with one of ARCO’s largest operating divisions to build and finance a new electricity-producing cogeneration facility at its Houston refinery. Our approach was fairly new at the time. We proposed to obtain financing for the facility without making ARCO responsible for any of the $181 million required. The ARCO treasury department (a typical staff department found in most large organizations) did not agree and would not allow the ARCO operating group to proceed with the project. “You can never do what you are proposing. It will never work,” was the response of some of the junior and senior treasury staffers at ARCO headquarters. They seemed to be saying, “We know all there is to know about financing and we are in charge here.”

At the time, ARCO was widely respected both inside and outside the oil industry as one of the most progressive and well-managed companies in the world. To me, however, ARCO seemed no different than the bureaucracy I had seen in the federal government. It had layers of hierarchy, and important decision making was the purview of a few senior people. Young, smart people in staff offices ran roughshod over executives with line responsibility for creating and running the businesses. It took over a year to persuade them to change their minds and get on with the project. The plant was eventually financed as we had proposed.

I asked Roger a rhetorical question: “Are ARCO and other large organizations the way they are because (1) they are large, (2) because of the age of the organization, or (3) because of their values, principles, and philosophy? I hope it is No. 3, because someday AES could be old and maybe large as well.”

I desperately wanted AES to be a different kind of organization. Our only hope of creating a radically different kind of company was if a particular set of principles could drive and shape the business regardless of its size, complexity, or age.

Our first attempt to write down the principles that would define
AES did not take place until several years after the company started. Approximately 20 of the company’s 50 employees gathered for a two-day retreat at a conference center outside Washington, D.C. One of the sessions focused on completing the Seven-S framework made famous in the bestselling book *In Search of Excellence*, which was coauthored by Bob Waterman, an original member of the AES board. As the term suggested, Seven-S entailed organizing a business around seven qualities beginning with the letter “S”—strategy, skills, staff, and so forth. At the center of the Seven-S framework was “shared values.” Most of that day’s discussion focused on the central values we hoped would drive the company. We also dutifully described how we saw the other parts of the framework, but they seemed less important to us. After a few years, only the shared values remained an integral part of AES’s corporate discussions.

The shared values we wrote in the circle of the diagram that day were *Integrity*, *Fairness*, *Social Responsibility*, and *Fun*. Other important words were used from time to time to describe our aspirations, but they never made it to the center circle. Concepts like ownership, trust, and accountability were subsumed in the four overarching values we chose. No purpose or goal was defined at that time because the Seven-S framework curiously did not have a place to describe the primary reason that an organization existed. AES’s purpose was articulated a couple of years later, and in the ensuing years it gradually became an integral part of our shared values and principles.

When Roger Sant first used the word “fun” to capture the kind of working environment we wanted to create, neither of us could have guessed at its layers of meaning. It forced us to think through exactly what was meant by “fun” and the best ways to explain it. We defined fun to mean rewarding, exciting, creative, and successful. The idea that a company could be fun kept AES fresh and vibrant for years.

At the time, Apple Computer was the darling of the fledgling high-tech industry. One thing that set it apart was the beer parties it held every Friday afternoon. We were very clear that this was not
what we meant by fun. Nor did we believe that business success or “winning” made work fun. Nor was fun related to the type of tasks an individual performed. What we meant by fun was captured many years later, in slightly broken English, by an AES employee writing from Kazakhstan: “The common principles of integrity, fairness, fun represent AES culture which are mostly convincing. They are also the basic spirits. I work on the site whether day or night, whether weekend or working days, whether with pay or without. In this kind of working environment, my talent was fully exerted. I felt a lot of fun to use my talent and experiences accumulated throughout years of hard work. I feel I am standing on the shoulder of a giant fulfilling the social responsibilities.”

Joy at work gives people the freedom to use their talents and skills for the benefit of society, without being crushed or controlled by autocratic supervisors or staff offices. The World Bank recently conducted a study of 70,000 poor people around the world. One of the questions asked of respondents was this: “What is your most pressing need?” The answer was not social services or homes or other material things. What these people wanted most was the freedom and wherewithal to be entrepreneurs. This was not surprising to me. People I have met—regardless of class, income, nationality, and education level—want a chance to make the most of their abilities to meet the needs of their families while doing something useful for society.

When we made “integrity” one of our shared values, we defined it in the classical tradition. The word is derived from the Latin integra, meaning wholeness or completeness. It is the same root word from which we get integer (whole numbers) and integration. It has to do with how things fit together in some cohesive and appropriate
way. Being truthful is part of what it means to have integrity; living up to commitments is another.

I believe that integrity requires an organization to communicate the same message to the general public that it does to its own employees. That means openly admitting mistakes to shareholders, bankers, and governments. Readers of my letters in AES annual reports may have noticed that I took pains to discuss our mistakes and problems during the year. The letter was meant for all stakeholders who helped us achieve our purpose, not just shareholders. I believe they all deserve the same basic information, both positive and negative. Integrity also means fully explaining values and corporate purpose to all stakeholders, especially when these principles are unconventional, potentially controversial, or hard to understand.

Business executives don’t spend much time talking about values, so misunderstandings and disagreements are bound to occur. Once, when we were in Minneapolis to raise equity for AES, a potential investor left the breakfast early. On the way out the door, he laughingly told one of the investment bankers: “They can have all the fun they want, but not with my money.” Another humorous incident—there were many others that were not so funny—occurred when we prepared a slide presentation before a public offering of AES stock. We designed a chart to try to explain what we meant by “fun.” We gave it to our investment bankers to review:

The investment bankers reviewed the chart, added one circle, and sent back the revised version:
Several years later, when a consultant from McKinsey was giving a presentation about AES, one of our executives asked why he hadn’t mentioned our shared values. It turned out that the consultant was enthusiastic about our values—for all the wrong reasons. “They really reduce labor costs,” he said. “Employees love these values, and they work harder and more productively because of them.” This is the pragmatic line of thinking about values that I had fought since the early days of the company. It ignores the moral dimension of values and regards them as nothing more than a means to make money. The distinction was articulated by an Oxford professor named John Kay: “There is a real difference between saying to your workers, ‘We care about your welfare because we do,’ and saying, ‘We care about your welfare because that will make you work harder for us.’” Employees can tell when values are genuine and when they’re adopted for ulterior purposes.

I feel strongly that people should be able to bring many of their basic beliefs about life into an organization. AES people were encouraged to live their beliefs inside the business just as they would at home, in their places of worship, and in their communities. This was very popular with most AES people and somewhat novel. Most of us have heard the phrase “Business is business.” The phrase implies that business has its own set of rules. When we go to work,
we’re supposed to leave our “Sunday school” or “homespun” values at the door. My view is just the opposite. Because our central values and principles were derived from mainstream values practiced by billions of people around the world, we hoped that most of our people could bring the key elements of their personal philosophies into the workplace.

Less popular was the idea that we should practice AES values both at work and in other areas of our lives. For example, integrity at AES meant that we did not cheat, steal, or lie on the job. It seemed logical that we should also adhere to those strictures in our private lives. “It’s personal” or “I’m on my own time” are no more appropriate excuses than “business is business” for not acting according to basic shared values whether we’re at work or not. Cheating on your income tax returns is not consistent with AES’s concept of integrity. If we became aware of such behavior away from the workplace, we would ask the employee to act in a more upstanding way—or to leave the company. My colleague Stu Ryan, an excellent strategist and an even better person, continually pressed me and other company leaders to deal aggressively with discrepancies between professional and personal behavior. I do not think we did a very good job living our values outside work. Many of our top people felt uncomfortable about becoming involved in the personal lives of other AES employees. I understood that doing so was delicate and difficult, but I thought we should at least struggle to achieve moral consistency.

When it comes to “fairness,” I often think we chose the right value but the wrong word. In my lectures, I often ask people to complete the sentence. “Fairness means treating everyone _______.” Ninety-five percent of the people I ask respond, “the same.” I usually respond, “I mean just the opposite.” The word “justice” better describes the standard we set for ourselves and AES.

I like the traditional Jewish definition of justice: “To each person what he deserves, to each one what is appropriate.” If I combine this definition with an assumption that each person is unique, I logically
complete the sentence this way: “Fairness or justice means treating everyone differently.” We’ve all heard the story of the sergeant who stands before his troops and announces, “Nobody gets special treatment around here!” What fairness meant at AES was that everyone got special treatment. The interpretation of these concepts gets confused because of another concept we hold dear: equality. The logic of equality goes something like this: “I’m the same person or do the same job as another person, so I should be treated the same as that person.” Equality and fairness are not synonyms, however, and neither captures organizational justice the way I use it.

I can best illustrate my point using an example from my home. Even at an early age, my son, Dennis Jr., loved to spend hours of his time alone in his bedroom reading, designing games, and pursuing other solitary interests. His younger sister, Margaret, loved to spend much of her spare time in the kitchen or den with family members and friends. Whenever we had a party she was in the middle of the festivities, engaging older and younger people in conversation. When Dennis Jr. and Margaret misbehaved, my wife and I attempted to discipline them in ways consistent with their different personalities, even if both had committed the same transgression. It would have been easier and more conventional to punish them the same way, perhaps by sending them to their bedrooms alone for the evening with no TV or telephone privileges. But Dennis Jr. would have thought this was great, and Margaret would have felt she had been exiled from her family and cut off from her friends. We love them equally, but they are unique individuals, and we had to treat them differently in order to be fair or just.

While parents often understand that children need to be treated differently to get a fair result, leaders of organizations (including
unions and corporations) consistently ignore the fact that employees are unique. Most managers prefer not to get enmeshed in the personal lives of the employees who report to them. This often makes it impossible to make judgments about individuals and their performance consistent with their personal differences. Furthermore, employees and their union leaders generally don’t trust managers to make fair judgments about individuals. As a result, businesses are forced to pigeonhole their employees according to artificial classifications such as years of service, union membership, level of education, and job title. If real justice or fairness were applied in organizations, it would radically change most of them, sometimes in very surprising ways—and almost always for the better.

In making “social responsibility” one of our core values, we recognized that every corporation is given certain rights and privileges by the state. In return, the company should operate in ways that benefit society and mitigate the potential negative consequences of its activities. Improving the environment is an obvious way to be socially responsible. For example, AES was widely praised for its programs to offset CO$_2$ emissions from our U.S. and U.K. facilities by helping to plant 52 million trees in Guatemala and by preserving hundreds of thousands of acres of forest land in the Amazon region and in Paraguay. Charitable activities to help the disadvantaged and safety programs for employees and the public constitute other socially responsible corporate activities.

While these undertakings are important, I gradually concluded that we could serve society best simply by fulfilling the company’s mission. The primary social responsibility of AES was to be the best it could be at meeting the world’s need for safe, clean, reliable, and economically priced electricity. That took 90 to 95 percent of our resources and of our people’s skills and efforts.

For example, in Leflore County, Oklahoma, unemployment fell from 13.6 percent to 4 percent after AES built a 320-megawatt plant there. But that was minor compared with what happened after AES acquired a distribution company in the Dominican Republic.
in 1997. The year before we bought it, 385 Dominicans had died in electricity-related accidents within our utility service area—a fairly typical toll at the time. By 2000, the number of fatalities had dropped to 29. In other words, we saved hundreds of lives because AES took seriously its primary mission “to serve society in an economically sustainable manner with safe, clean, reliable electricity.” I can think of no other “project” AES has undertaken that was as socially beneficial.

The selection and identification of our shared values were just the first step in creating an ethos for AES. The role of these values and principles in the life of our organization became more important each year. After that first strategy session, I kept working to define what our values meant in a practical sense, both to me and to others in the organization. We then integrated the values into all aspects of AES life. As a result, we never needed special values or ethics initiatives or programs to encourage diversity or community involvement. These things were part of our everyday working lives. They were perfectly compatible with the way we did business. As Lynn Sharp Paine, a professor at the Harvard Business School, put it, “Values are not a ‘management tool’ or a special type of management system that runs parallel to a company’s audit or compensation system. Nor are they bits of ethereal matter . . . [they are] beliefs, aims, and assumptions that undergird the enterprise and guide its management in developing strategies, structures, processes, and policies. They constitute an organizational ‘infrastructure’ that gives a company its distinctive character and ethos—its moral personality.”

When we first defined our values, two of the AES senior leaders who had participated in the conference were skeptical. They had a hard-nosed, no-nonsense approach to business and took a dim view of the “soft, touchy-feely stuff” that they believed was on the table. Economics was “hard” and important; other things were not. Knowing the belief system and personalities of the two, I was not particularly surprised by their lukewarm response.
The surprise came the following year when we gathered for another strategy meeting. We decided to raise the Seven-S framework we had drafted a year earlier and asked for evaluations, including suggested changes. Almost immediately, the two skeptical leaders jumped into the conversation. “Don’t change anything,” one of them said. “We love these values. They really work! People like doing business with us. I think it’s because they trust us.” They were nonplussed when I responded with a downcast face and silence. “What’s wrong, Dennis? We think this stuff is great. People like to do business with us because of fairness and integrity.”

“I think you have missed a most important point,” I said. “We are trying to live these values because they are right, not because they work.” High ethical values rarely conflict with pragmatic economic behavior. However, this does not mean that economics should be the reason or motive the organization undertakes to live the shared values. Amar V. Bhide and Howard H. Stevenson explained why in a *Harvard Business Review* article titled “Why Be Honest if Honesty Doesn’t Pay?” They wrote: “There is no compelling economic reason to tell the truth or keep one’s word—punishment for the treacherous in the real world is neither swift nor sure. Honesty is, in fact, primarily a moral choice. Business people tell themselves that in the long run they do well by doing good. But there is little factual or logical basis for this conviction. Without values, without basic preference for right over wrong, trust based on such self-delusion would crumble in the face of temptation. … And for this, we should be happy. We can be proud of a system in which people are honest because they want to be, not because they have to be.”

Why it’s important to live values and how we judge their efficacy were recurring questions inside and outside the company for 20 years. They were also the source of many disagreements between me and some AES board members and managers, not to mention students of management outside the company.

Related to the question of whether we should adhere to values simply because they are right is whether values should change when
circumstances change. Should we adjust our interpretations of principles when the stock price goes down or our product doesn’t sell well or we make a mistake on an acquisition? My answer has been no, but it is a no that remains open to further examination and new insights.

I believe there is a transcendent truth behind principles like integrity and justice that does not and should not change over time and should certainly not be adjusted because of economic setbacks. Adjustments in definition and interpretation should take place only when we gain new understanding of the truth. Our understanding of the values may change with time, but the values and principles themselves are timeless. As an old rhyme puts it, “Methods are many, principles are few. Methods change often, principles never do.”

There is little disagreement that the corporate values at AES arose out of the personal values of the co-founders. The transformation of personal values to organizational values is accomplished with the word “shared.” Shared implies that members of an organization agree on the definition and importance of a value. Sharing values, especially in a secular company, can run afoul of the popular view in our society that people should decide for themselves how values are to be interpreted. If individuals, whether they are vice presidents or board members, interpret values individually, the values are not shared.

We attempted to mitigate this problem through an extensive written and oral orientation for prospective employees before they joined AES. We discussed and defined our values so people could decide whether they wanted to be a part of the AES community. Discussions of our values continued at monthly and quarterly business review meetings. The company’s insistence on articulating
its values in all types of settings mystified outsiders. A banker who worked with us expressed amazement at his visit to AES headquarters. “I went by an office and two VPs were arguing about whether something was fair or not. Can you believe that?”

At AES, revising the interpretation of a shared value required a leader who spoke for the entire organization to listen to the reasons for the proposed change, get advice from colleagues, and then decide if a change was appropriate.

I suspect that in most companies, especially ones that put a premium on individual freedom and diverse views, values are not really shared by the majority of the employees. The values either are adjusted frequently to suit changing situations, or they are defined so ambiguously that everyone can agree with them. As a result, they have very little effect on the behavior of the organization or the individuals who work there. They become especially irrelevant in times of trouble.

“Hey, Dennis, our organization has values too,” was a comment I sometimes heard from people outside our company. It was a helpful reminder that we were sometimes perceived as arrogant or even sanctimonious. Every person and every organization have values. But in this age of “tolerance,” it is politically incorrect to say that any of these values is more appropriate than others. The truth, however, is that some values are better than others. Truthfulness and selflessness, for example, are preferable to deception and selfishness.

Several articles I have read recently suggest that it doesn’t matter what purpose or set of principles you follow as long as you establish some set of standards for everyone to get behind. A friend of mine from California put this “all values are equal” philosophy in perspective when he recalled a conversation he had with a person he met on the beach. It concluded with, “Hey, that’s great. You’re into Jesus and I’m into surfing.” After hearing that story, I began to use the word “principles” along with the word “values” to describe the key concepts that guide organizational life. Principles connote less ethical relativism than values and more of the unchanging truths by
which I believe we should live. The question is not whether we have values, but which values and principles really guide our behavior.

Since the early 1980s, many corporations have adopted values statements. Companies hang them on office and factory walls, post them on their Websites, and include them in their annual reports. The proliferation of values statements prompted one journalist to call them “a deodorant for self-interest.” There is often basis for cynicism. The values articulated by many companies have only a minimal effect on how they conduct their businesses. CEOs rarely talk about them at investor meetings. Try to think of a company that makes ethics one of its most important criteria for evaluating individual performance, calculating raises and bonuses, or awarding stock options. How often do principles drive the financial investments and operating strategy of a company? Paying lip service to values may be good public relations, but it is a hollow and cynical exercise. Values and principles mean something only when they affect everything we do, every day of the week.

My strong belief in shared values and principles does not mean that either AES or I consistently met the standards we set for ourselves. They were our aspirations, and they were deeply felt, but we were fallible like anyone else. At the same time, I resisted all efforts to lower our standards or to ease the burden of accountability that we imposed on ourselves. It was better to try our best, I felt, and be willing to come clean when we fell short of our goals.

In the early 1980s there was a small start-up company that shared office space with AES in Arlington, Virginia. The founders had designed clip-on neckwear for women to wear as an accessory to their outfits. After several false starts, the company leaders attended an industry trade show to see if they could market their bows. Somewhat to their surprise, they got orders for several thousand. When the president got back from the trade show, he came running into my office to tell me the good news. Then he paused and asked, “Dennis, how are we going to make all them bows?”

A year or so later, we were in much the same position at AES.
Our power plant in Houston was under construction, and we were beginning to think about how to operate the plant. Most of us in the company had hardly seen the inside of a power plant, let alone worked in one. Board members who had significant industrial operating experience said, “You don’t know anything about operating a power plant. Get somebody who does.”

I followed their advice. Several advisers also suggested that we would need a whole different approach with our employees in the power plant than we had with the M.B.A.’s, engineers, and other college graduates who filled the home office at the time. “These people are different,” one board member said. “They want to be paid weekly, preferably in cash. They don’t care about your soft-headed stuff like values. Fun will be a totally foreign concept that is just not applicable to industrial operations.”

“These people are different” was the statement that troubled me the most. I remembered hearing the same kind of language used to belittle African-Americans in the ’60s. It turned out to be dead wrong. Would it be true of people hired to work at our new cogeneration facility in Houston? I wasn’t sure, and it took me over two years to confirm my original misgivings.

Once I did, I set in motion a revolution in that plant that dramatically changed the AES workplace and the way we operated our facilities. The shared values of the home office eventually would be used to guide every aspect of life at the plants—from hiring and compensation to organization and decision making. It was the beginning of an audacious effort to create the most fun workplace ever.

At another strategy conference in the late 1980s, an AES vice president asked the 30 people in attendance to close their eyes and make a “movie” of their lives. A number of people then shared the outlines of their movies with the group. The plots differed widely, of course, but the same theme cropped up again and again. In almost all the movies, people used their talents and skills to make a positive contribution in the world. Although it was hardly a scientific sampling of working Americans, the consistency of their goals was
striking. We used the result of this exercise to start the process of defining the purpose of our company. If the goal of our individual lives was to make a positive difference in the world, shouldn't we try to do the same thing as a corporation? During that conference we wrote the first draft of our company’s purpose—to meet the electricity needs of people and organizations. Over time this statement of purpose would be refined and become an important part of the shared values and principles of the company.

During the 1980s and early 1990s, my wife, Eileen, and I met weekly with five or six other couples for Bible study, prayer, and a discussion of our joys and problems. One of the key areas of learning from my time with this group was a deeper understanding of “stewardship”—the idea that we have a larger purpose than simply satisfying our own needs. I came to realize that what I had learned as a 5-year-old was incomplete at best. Stewardship was more than giving money to the church or contributing to other good causes. I learned that it was more about what I did with the money I kept and spent than the money I gave away. It was more about how I lived my daily life. It was about how I used my abilities and skills to make a positive contribution to society and to serve others.

About this time, I read a book by Peter Block (an author unknown to me at the time) entitled Stewardship—Choosing Service Over Self-Interest. It had an enormous influence on me. It showed me how my biblical understanding of stewardship could be applied to a major business. Stewardship is a concept that assumes the resources we are using belong to someone else. We are protecting them, taking care of them, making them useful—all for the rightful owner. For those operating within an organization, Block wrote, it is “the willingness to be accountable for the well-being of the larger organization by operating in service, rather than in control, of those around us. Stated simply, it is accountability without control or compliance.” My response was to make serving the needs of society the cornerstone of our corporate purpose.

Early in 1990, we began exploring the possibility of going public.
Our privately held shareholder base was rapidly approaching 500 stockholders. Unless we took extraordinary measures to reduce the number of people who owned AES stock, we would be deemed a public company by law. One of our major concerns about going public was that serving shareholders might be incompatible with serving society. Could we maintain our values while striving to meet ambitious economic goals?

We consulted investment banking firms about our concerns. They were quite positive about our ability to live in the “public” world in a way that was consistent with our principles. I realized later that like many of us trained in sales, the bankers emphasized the positive aspects of our “strange” set of values and minimized the problems. One particularly persuasive banker even suggested that I owed it to the world to go public so that I could better spread the ideas of the company’s radical approach to organizational life.

Our board members were supportive of going public. I should have been more skeptical of their advice. I was already aware that some of them were very excited about the business prospects of the company but were less committed to our values than I was, or simply viewed them as a way to improve economic performance. I was convinced, however, that in spite of all the red flags, we could become a public company without losing our special qualities.

But a number of shareholders, many of them AES employees, were concerned that going public would change the company for the worse. Roger and I addressed some of their concerns with a letter to AES employees and shareholders in March 1991:

We have contemplated the pros and cons of being public since the beginning of AES. We have until now concluded

There are four major shared values (at AES): to act with integrity, to be fair, to have fun, and to be socially responsible.
that staying private made the most sense. However, we now believe that registration as a public company may ultimately be inevitable. … We continue to be committed to the purpose and values of AES. … To that end, we have established ‘Going Public Principles’ for ourselves. … These principles are: Make the process fun; if it stops being fun, we should change the way we are doing it or quit. … If we find ourselves tempted to change any significant elements of the way we do business, we must consider the change to be a major red flag and we should make the change only if our current rationale for acting as we do doesn’t make sense—Independent of the public offering process. … We will do our best to uphold these principles [emphasis added].

True to our promise, we prepared the draft of our public-offering memo with a forthright paragraph under the “Business of the Company” section. It read as follows:

**Adherence to AES’s Values—Possible Impact on Results of Operations.** An important element of AES is its commitment to four major ‘shared’ values: to act with integrity, to be fair, to have fun, and to be socially responsible. See ‘Business—Values and Practices.’ AES believes that earning a fair profit is an important result of providing a quality product to its customers. However, if the Company perceives a conflict between these values and profits, the Company will try to adhere to its values—even though doing so might result in diminished profits or forgone opportunities. Moreover, the Company seeks to adhere to these values not as a means to achieve economic success, but because adherence is a worthwhile goal in and of itself. The Company intends to continue these policies after this offering.

When the draft document was reviewed by staffers at the
Securities and Exchange Commission, they offered a number of helpful suggestions. The most intriguing was advising us to move the above paragraph to the first section of the document called “Special Risk Factors” with the additional title “Possible Impact on Results of Operations.” This is the equivalent of a warning label on a medicine bottle. Investors might be told that a company has very little existing business, that it is essentially controlled by two principals who might die tomorrow, that there’s no guarantee it will be able to attract any new business. In our case, the SEC officials thought our values were a hazard.

Some of our people were upset by the SEC’s reaction. I loved it. I could now say that the U.S. government thought it was very risky to attempt to operate a business with integrity, fairness, social responsibility, and a sense of fun. AES has continued in all of its public offerings to carry the original statement, with only minor changes, describing its shared principles.

We should attempt to live according to a set of unchanging shared ethical principles, because it is the right way to live. Our efforts to do so need not be sweetened with additional benefits, such as better financial results, more successful recruiting, happier employees, or even improved productivity. These goals are worth pursuing irrespective of the bottom line. It is not only whether I live a certain way that is important. It is whether the way I attempt to live is based on true and moral principles.
Collin Doherty arrived a full hour before 6 a.m., the time he had been told to report to his new job at the textile mill. “Be here on time or I will give the job to another man,” were the parting words of the assistant mill supervisor who had offered him the job. Collin had awakened extra early that morning to walk the 3 miles from his farm to the new steam-powered textile mill in the village. He had been trying since before the plant opened to get hired. He did not want to be late.

Collin was 31 years old. He and Rowena had been married for 14 years. Ten children had been born to them, although only six were still living. The drought of the previous year and the particularly harsh winter that followed had been the last straw. The family had nearly starved that winter and did not have sufficient money to buy seed and replacement animals. Surviving another winter in Wales was not assured. Collin decided to quit farming and look for work in one of the new factories built in the region.

The family had planted crops and raised sheep and goats on the 5-hectare farm for at least the six generations recorded in the family Bible. Collin knew nothing else but dawn-to-dusk work to provide food and clothing for his family, just as his father, grandfather, and great-grandfather had done before him.
The mill employed upwards of 100 workers. In addition, there were supervisors for each of the functions performed at the mill. The employees were divided into groups, each with a specialty. For example, one group prepared the wood for the steam engine, another operated the weaving machines, and still another rolled the cloth before sending it to the shipping department. The workers who maintained the steam engine and the weaving machines were paid more than the others because their jobs required the most skill. Each group of workers had a supervisor who gave instructions, set work schedules, and made sure every man and woman did his or her job in a specified manner.

Collin checked in at the plant gate and was shown to a little room off to the side, where he was met by a supervisor. “You are assigned to the clean-up crew in the weaving area,” the supervisor said. “You will be paid 1 shilling per week. Hours are 6 a.m. to 6:30 p.m. Monday through Saturday with 30 minutes off for lunch, as long as you have completed all your morning assignments. The mill will be closed Sundays and Christmas Day.” Collin was relieved that his family would have sufficient money to feed themselves. He also noted that he was expected to put in fewer hours at the mill than the average he spent working on the farm. He also looked forward to a new kind of work, although he wondered what his deceased father would have thought about his decision to leave the farm.

His supervisor showed him the tasks for which he was responsible and made it clear that Collin should look to him for guidance or assistance. Collin noticed an office overlooking the weaving department floor. He was told later that it was where the plant superintendent and the assistant superintendent worked, as well as the bookkeepers, timekeepers, payroll staff, and salesmen. In his first two years of working at the mill, he never met the plant superintendent, nor did he ever see the “big boss,” the owner of the mill who lived in a distant city and seldom visited the site.

Collin didn’t miss a day of work in his first year at the new workplace. He moved up from the cleaning crew to a position in the
weaving department and became quite skilled at the task to which he was assigned. Rowena observed a different Collin, however.

“I work hard and I get paid enough to keep food on the table and clothes on our backs. Not much else matters, does it?” he replied in response to his wife’s questioning.

“You don’t seem to care about the work the way you did when you worked here on the farm,” Rowena said. “It seems like you are going through the motions. You never tell me about the problems you are struggling with and the dreams you have for the future like you did here on the farm.”

“It’s like being one of the oxen on our farm,” Collin replied. “I get fed regularly, but at work time I’m put in a yoke that doesn’t give me much freedom. I don’t have to think much about what I’m doing, let alone dream about my future.”

“Maybe it will be different if I can become a supervisor at the mill someday. Then I will be somebody. I will have some control. I bet I could improve that place if I were in a position to have some say in things.”

Collin Doherty is a character of my creation. He was born of my reading about the Industrial Revolution and is a composite of the ordinary people who pop up in the histories of the period. So while he may be fictional, he is true.

Most historians mark the Industrial Revolution as a pivotal moment in our economic and social history. The nature of work changed in fundamental ways. Until Thomas Newcomen’s invention of the first practical steam engine in 1711, most people worked the land as farmers and before that as hunters and gatherers. Large organizations of working people were mostly limited to soldiers, servants, or slaves. During the Middle Ages craft shops sprung up in the cities, but each shop typically provided work for only a small number of people. When building the great cathedrals of Europe, men banded together to work for years on a single project, an organizational structure that had some elements of the Industrial Revolution workplace. However, it was not until industrialization
began that the workplace changed rapidly for millions of people like Collin Doherty.

Many of the attitudes that took hold during the Industrial Revolution linger on today, a circumstance brought to my attention by author Bob Waterman, who in our early days at AES had walked us through his Seven-S framework. “Based on what you know about the workplace and organizational arrangements of those businesses operating several hundred years ago, what were the assumptions made by the owner/managers about the workers who labored in their factories?” he asked.

I have asked that same question hundreds of times of people in my company, students in colleges and graduate schools, government employees, and leaders in many other organizations. Here is a summary of their responses:

- Workers are lazy. If they are not watched, they will not work diligently.
- Workers work primarily for money. They will do what it takes to make as much money as possible.
- Workers put their own interests ahead of what is best for the organization. They are selfish.
- Workers perform best and are most effective if they have one simple, repeatable task to accomplish.
- Workers are not capable of making good decisions about important matters that affect the economic performance of the company. Bosses are good at making these decisions.
- Workers do not want to be responsible for their actions or for decisions that affect the performance of the organization.
- Workers need care and protection just as children need the care of their parents.
- Workers should be compensated by the hour or by the number of “pieces” produced. Bosses should be paid a salary and possibly receive bonuses and stock.
- Workers are like interchangeable parts of machines. One
“good” worker is pretty much the same as any other “good” worker.

- Workers need to be told what to do, when to do it, and how to do it. Bosses need to hold them accountable.

These assumptions have had a profound effect on personnel arrangements and decision-making structures in large businesses, governments, schools, and other large organizations. Specialization became the rule. Lines of authority were clear. Workers were told exactly what was expected of them. A curious arrangement of staff and line positions emerged (experts suggest that the Prussian Army was the first to use this approach, late in the 19th century). The paternalistic impulse led to the creation of “benefits” that were provided in lieu of cash (free or cut-rate housing, schooling, and medical care). Most of the systems, controls, compensation criteria, and decision-making and leadership styles that we find in organizations today can be traced to these beliefs about workers.

When I ask people whether they believe the assumptions listed above still apply to modern-day working people, especially in the Western world, almost everyone says no. Most would agree with Max De Pree, a manufacturing executive who was a pioneer in participatory management, that advanced countries are entering a period in which 80 percent of workers will make their living by brainpower.

However, based on my own observations, I suspect that many corporate leaders still hold some Industrial Revolution views. What’s more, many of the approaches and practices in modern workplaces are nearly as demeaning as those used during the Industrial Revolution. Executives are either oblivious to the similarities—or won’t admit them. These are the only plausible explanations for the relative lack of change in the structure of work in modern corporations, government agencies, and nonprofit organizations.

A newborn shark, 6 or 7 inches long, can survive in the sort of fish tank seen in homes, but its growth is seriously stunted and its
body deformed. It becomes extremely aggressive and can be kept from escaping only if the tank has a heavy cover.

Have new assumptions about working people eliminated work environments that resemble this cramped aquarium—and that prevent them from reaching their potential? Obviously, much has changed. The hours are shorter. The workplace is physically more pleasant. Compensation is usually higher. Workers have more legal rights and protections.

Fundamentally, however, working conditions in large organizations today are no more exciting, rewarding, or fun than they were 250 years ago. Most working people are boxed in by job descriptions and corporate hierarchies and have little opportunity to make decisions on their own. I was struck by this lack of freedom during visits to Japan in the 1980s. Several bestselling books had been written in the previous decade analyzing and to some extent glorifying Japanese business prowess. I got a very different impression. What struck me was that work in Japan lacked passion and joy. Fun was something that happened away from the workplace. Work was work and play was play, and the two never overlapped. Japanese “salary-men” didn’t leave work as much as escape it, often during hard-drinking nights with the “boys.”

In the modern workplace, an employee’s full talents are rarely used and often go unnoticed. Damian Obiglio, who led an AES distribution company that won the award for the finest utility in Brazil several years running, tells the story of a young man who worked in a city library in Argentina for a decade. His job was to put the books that had been returned to the library back on the shelves where they belonged. Each day he faithfully put in his eight hours and left the library immediately. He showed no interest in taking on greater responsibilities at the library, and none of his colleagues ever engaged him in conversation about his interests or hopes for the future. He caused no problems. He did his job as instructed, nothing more, nothing less. One day the national paper in Argentina ran a story celebrating the person who had won a contest for his design of a
gas-powered model airplane. It turned out that the young man in the library was one of the most brilliant aeronautical designers in the entire country.

Why do so many people work so hard so they can escape to Disneyland? Why are video games more popular than work? Why is driving an automobile more exciting and enjoyable to many people than their work? Why do rank-and-file employees generally spend less time at work than top executives? Why do many workers spend years dreaming about and planning for retirement? The reason is simple and dispiriting. We have made the workplace a frustrating and joyless place where people do what they’re told and have few ways to participate in decisions or fully use their talents. As a result, they naturally gravitate to pursuits in which they can exercise a measure of control over their lives.

In most organizations I have been exposed to around the world, bosses and supervisors still make all important decisions. The more important the decision, the more important the boss assigned to make the call. This is especially true of decisions that have financial implications. We still have the offices “above” the working people, filled with staff (some with “green eyeshades”) and supervisors who, without consulting workers, make decisions that dramatically affect their lives. Many layers of bosses and assistant bosses control the behavior and performance of the people below them.

In the past three decades, there has been a proliferation of staff specialists who oversee almost every aspect of corporate life. Many of their names and missions have an Orwellian ring: engineering services, human resources, training, environmental control, strategic planning, legal affairs, finance, risk management, accounting, internal auditing, internal communications, public affairs, investor relations, community relations, production control, quality control.

As a line executive responsible for the Energy Conservation Program in the federal government during the early 1970s, I experienced the debilitating effects of these “serving” central staff groups. It seemed as if I had 15 bosses. Each one of the offices was
responsible for something I thought was essential to operating my program. My budget was the responsibility of the budget department. When an issue regarding energy conservation legislation or inquiries concerning my program came from Capitol Hill, the staff of the assistant secretary for legislation took the lead. People like me couldn’t even testify before a congressional committee without an entourage of people concerned that I might say something related to their areas of responsibility. As the executive in charge of the program, I was not really trusted to operate it or to speak freely about it. It was almost as if I didn’t have a job. At best, my “line” job was about coordinating all the “staff” people who drifted in and out of my program. It is easy to understand why a Collin Doherty could become disenchanted with his workplace.

Basic compensation schemes have not changed significantly either. Workers get paid for the hours they work and, curiously, get extra pay if it takes them longer than a colleague to complete a job. Supervisors and other leaders get paid a basic salary according to their responsibilities, regardless of the time spent performing them. They are usually eligible for bonuses and increasingly participate in ownership benefits as well. As has been the case for nearly three centuries, most organizations employ only two significant “classes” of people—management (variously called executives, leaders, supervisors, directors, and officers) and labor. Discrimination against labor by management is more subtle today than it was during the Industrial Revolution, but it remains demeaning and destructive.

Workers are still “trained” in the narrow function they are expected to perform. Most bosses, however, acquire broader expertise through schooling or doing stints in a variety of jobs. Most organizational leaders still believe a detailed job description for every
employee is essential to a smoothly performing operation. In most firms, “control” systems pushed by auditors and managers limit each person’s ability to make decisions on spending the company’s money. The amount is set at zero or near zero for the lowest employees on the organizational ladder. This number usually climbs with each layer of supervision. At the top, the executive director, president, or CEO can often make a decision to spend millions of dollars, and the board of directors or trustees have leeway to spend even more. When it comes to financial matters, average employees and lower-level supervisors enjoy the same level of trust as they did in the 19th century.

The nomenclature of business also remains largely the same. Labor or labor costs, personnel or personnel departments, are all in common use. Economists still put people in an economic formula (labor plus material plus capital equals production). In effect, people (labor) are simply variables like money and material. Similarly, the label “human resources” has a dehumanizing connotation. We have financial resources, fuel resources, and human resources.

In reading annual letters by CEOs, I have noticed that when an organization wants to make a positive statement about its employees, the letter often says something like, “Our people are our best assets.” After I used similar language in one of my annual letters, I had second thoughts about using the word “assets” to describe people in my company. What do we do with assets? We use them. We buy and sell them. We depreciate them. When they are used up, we dispose of them. I vowed that I would never again use that word to describe the people in my organization. I don’t even like the word “employee” because it has a lingering association with the demeaning workplaces of the Industrial Revolution. (I reluctantly use the word “employee” in this book because it is familiar to readers—so familiar, in fact, that most have never given its connotation a second thought.)
Earlier, I noted that most of the recent books written on organizational success treat uniquely human factors—principles and values, for instance—as nothing more than techniques to achieve wealth and success. The behavior of people is equated with the cost of raw materials and plant equipment. One bestselling book a few years ago was *Re-Inventing the Corporation*. Invention is a word usually associated with machines or processes, yet much of the book is about the people who work in corporations. How do you reinvent them? Even more problematic from my perspective was the title of another bestselling book, *Re-engineering the Corporation*. Engineering is a word almost exclusively related to machines, but here again the book was primarily about people and the structure in which they work.

Many business leaders are far more concerned with the tasks people perform than with the people themselves. As Henry Ford famously quipped, “Why is it I get a whole person when all I want is a good pair of hands?”

Several years ago in China, I was visiting with three young women employed by AES. All three had returned to their homeland after attending Ivy League schools in the United States. They told me how in each case their parents had made the decision for them about which school to attend and what classes to take, even though none of their parents had ever attended a college or even traveled outside of China. The parents had treated their grown daughters as small children.

We turn things upside down in the United States. When our children are young, we (wrongly, I believe) let them pick their friends, their schools, their clothes, their movies and music, even their religion, assuming they choose any faith at all. By contrast, when they go to work, their bosses tell them what to do, how to do it, and when.

When I attended business school in the late ’60s, a good deal of pioneering research had been done on how employees respond to different conditions in the workplace. In cynical moments I
characterized most of this research with the phrase, “Be nice to the ‘machines’ and they will produce more for you.” That said, many experts over the past 50 years have argued that we should replace outmoded assumptions about workers and fundamentally change the workplace.

Indeed, most thoughtful people today reject the assumptions about working people that guided business leaders at the time of the Industrial Revolution. We understand more about what makes people grow and learn and enjoy work. We have experienced political and individual freedom and love it. Most of us believe that every individual is unique and valuable.

Why, then, has there been so little real change in our large organizations? If we have different assumptions about the nature of people today, why do our workplaces have so many characteristics that their forerunners had two centuries ago? Why are compensation arrangements still designed as if people work primarily for money? Why do managers exercise most of the power? Why do staff officers still hold so many of the levers that control organizational behavior? If we believe that the workplace of Collin Doherty leads to drudgery, emptiness, and dissatisfaction, why hasn’t there been an Information Age “revolution” to correct the problems?

I believe there are three reasons for this resistance to change. The first is inertia. Anytime something is moving in one direction, it takes extraordinary forces to change its course. Restructuring the working environment shaped by the Industrial Revolution is like trying to stop a powerful locomotive heading down a mountain pass. Nothing in the contemporary workplace has matched the power of the innovations that occurred during the 18th century.

Second, the Industrial Revolution produced so much good that no one wants to risk tampering with its successful workplace formula. In a few hundred years, the gains in health care have extended life expectancy by roughly 40 years around the world. Average family income is up, and, even with the large disparity between rich and poor, poverty has been reduced substantially. The green revolution
has made it technically possible to eliminate hunger and famine, as long as corrupt governments and civil wars don’t intervene. Few would question that our corporate system has produced social progress and an enormous amount of wealth. Even if a side effect has been to create a workplace that is stifling and joyless, most business leaders consider it a price worth paying.

Third, to change the workplace in a positive way would require executives to give up a large measure of their power and control. This is the chief impediment to a radical overhaul of our working environment. Even if a corporate leader were convinced that surrendering these prerogatives would improve the lives of millions without hurting economic performance, the rewards of power are usually too strong to give up. The result is that few leaders have been willing to take the bold steps necessary to junk a workplace model that reduces employees to little more than gerbils on a treadmill.

Not all workplaces are miserable, of course. Exceptions can be found in all types of institutions—businesses, nonprofits, and governments. But these exceptions usually are not as progressive as their leaders think. Small organizations, especially those where most of the workforce is homogeneous, with similar educational and socioeconomic backgrounds, will often have a more collegial feel than organizations of the industrial age. Law partnerships and consulting groups often operate in ways that make the work enjoyable—at least for the partners. Associates, clerical people, and others in the firms may have a work experience as unhappy as Collin Doherty’s.

Many forces conspire to return organizational structures to the “tried and true” model of the past. Rapid growth diverts the energy needed for organizational innovation. Pressure from aggressive investors or lackluster economic performance can prompt executives to play it safe and organize their enterprises along conventional lines. Finally, no change can be sustained unless leaders have an unwavering conviction that change in the workplace is both right and necessary. This requires leaders with courage, stamina, and a high degree of moral clarity.
These are extremely difficult barriers to overcome. The qualities needed to bring about radical change are rare, even among leaders who share my philosophy and recognize that the results are compelling. It does not surprise me that so few large organizations have instituted workplace reforms and that fewer still have managed to sustain them. And it should not come as a surprise that the culture of drudgery seems as pervasive as it did 200 years ago.

Most of today’s start-up companies begin with a flexible, human-centered approach. This often includes many decision makers, a flat organizational structure, and a collegial environment. Information is shared, relationships are trusting, and management systems are almost nonexistent. In the early days of AES, I was lulled into feeling that living our shared values and principles was going to be easy. “Wait until you grow up,” warned more experienced leaders. “This will not work when you are bigger and substantial changes are inevitable.” They understood that most new workplaces soon become more concerned about improving efficiency and making profits than about creating a more fun and humane environment.

Bureaucratic behavior remains the heart and soul of most work environments. Important decisions are still made at the top. The rest of the leaders and employees are left out of the process or, at best, are asked only for their suggestions. President Clinton once told me about a relatively minor matter that was neatly summed up on a single piece of paper. It contained 22 signatures of people “signing off” on the issue before the president made the final decision.

Most employees in large organizations seldom see, meet, or know the CEO or other senior managers. Countless AES people approached me over the years to say that they were grateful to have spent time talking with me. “I never met the plant manager of the company I used to work for,” was a refrain I heard on almost every trip I took around the company. In effect, they were telling me, “in the other company I wasn’t important, and in this company I am important.” Most employees in large organizations have about as much contact with senior leaders as Collin Doherty did.
Frederick Taylor is given credit for the new era of “scientific management.” He disappointed his wealthy Philadelphia family by going to work in a steelworks, which he found shockingly inefficient. Taylor then became an early version of a management consultant. He timed how long it took workers to perform tasks and rearranged factory equipment to speed the production process. His ideas about improving efficiency swept the country in the first 30 years of the 20th century. While his research led to some useful innovations, his approach reinforced the idea that people are like machines in a manufacturing process. Unfortunately, this view of workers has not changed much in the intervening years. Just listen to the cold, quantitative analyses of people in the workplace articulated by organizational and strategic gurus today.

Even the current emphasis on “training” is demeaning. “Let’s see. I train horses and dogs, and I toilet-train children.” There are, of course, cases in which people need training to master higher specialized functions. But the main image that comes to mind is opening the top of a person’s head and pouring data inside it, much as you would pour oil in a machine or install software in a computer.

Education broadens our experience and understanding. Training confines a person by teaching narrow skills. But you would never know it’s a blind alley from the way it’s described by management and HR departments. They sell employees on the idea that training is a way to advance their careers. It would be better, I believe, to substitute education for training. Education allows people to seek out information that they consider important—and that has the potential to transform their working lives.

Two centuries after Collin Doherty, company finances remain a mystery to all but a few. In companies with thousands of employees, fewer than 50 to 100 people may have access to important financial information, and even fewer have a substantial say over how funds are used. This is true in most governments, corporations, not-for-profit groups, and educational institutions.

While time clocks aren’t found as frequently as they were in the
past, most lower-level employees still punch in, metaphorically at least. One of my associates used to work at a law firm where she was made to “understand” that she should be in by 8:30 a.m., even though her boss did not have such a rule for himself and her work was only marginally related to the time of day. In most organizations there might as well be a sign on the wall that says, THE MACHINES START AT 8 A.M., AND YOU ARE ONE OF THEM.

The ever proliferating staff offices do not have direct responsibility for producing a product or offering a service. As one cynical line person once said to me, “staff offices do nothing but keep me from producing what I am supposed to produce.” In their “support” and “coordination” roles, these staff offices often take power and control from people with line responsibilities. Their control of vital information and their usurpation of functions once performed across organizations have made staff offices a major contributor to the humdrum routines of so many working people today.

As noted earlier, the greatest obstacle to worker satisfaction is management’s craving for status and power. But there are other powerful forces within most organizations that push them toward centralization, putting almost all important decisions in the hands of managers, supervisors, officers, and owners. These forces include:

**Information and data-gathering technology:** John Naisbitt’s book *Megatrends* suggested that technologies like the Internet would help decentralize organizations, make them more democratic, and give power to more employees. Is this true? Is the Internet making the workplace more fun? It is too early to give a definitive answer. It is clear, however, that the same technology that can allow people to make decisions in a decentralized manner also can be used in the opposite way—to centralize everything.

One of my vice presidents invited me into his office not long after we started operating our first power plant in Houston. On his desk he had a computer that had the control panel for the plant. “Dennis, I can essentially watch and control the operations from
here. I can get one for you as well, and we can add all the new plants as they go commercial.” I told him not to bother and suggested he get rid of his as well. This kind of centralization can have a major negative effect on the workplace. It reinforces the idea that plant employees are automatons who have little or no control over the way they work or how their plant is organized and operated. It seems straight out of Orwell’s *1984*.

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**Top-down responses to mistakes and problems:** Ken Woodcock was AES’s first full-time business development person and probably our most effective one. Early in the company’s history he came to the monthly business review meeting with a problem. A competitor seemed to be following him from place to place making pitches to potential customers within two weeks of Ken’s visit. Someone suggested that the problem was the internal newsletter that we published monthly to keep everyone at AES informed about what we were doing and what companies we might be interested in acquiring. It was showing up on a competitor’s bulletin board. The obvious solution was to have Ken be a little less specific. One senior person, however, was adamant that the entire letter be reviewed by me before it went out. No one objected to the new policy. Within minutes of leaving the meeting, I realized that we had taken a decision away from the people responsible for our newsletter.

It was a minor issue, but it alerted me to the inadvertent ways we undermine decentralization when someone makes a mistake or a problem arises. There is an intrinsic organizational assumption that mistakes or problems could be avoided if high-ranking people made all the decisions. But more often than not, lower-ranking people are closer to the problem and better positioned to come up with
a solution, especially if they seek advice from their colleagues. The
tendency to turn to top executives was most pronounced when our
stock plummeted in 1992 and again in 2001–02. When the share
price turned south, many board members pushed for centralization,
which seemed to provide reassurance that the business was being
run in a conventional and “safe” way.

**Government regulation:** The Sarbanes-Oxley Act of 2002,
which requires CEOs and CFOs to certify financial results, will
have a similar effect of centralizing decisions and making the con-
sequences of work less important and meaningful to the people who
actually do the work. Government agencies almost always want to
make top executives responsible for every aspect of a company’s
operations. Do they really believe this will make the organizations
behave more ethically? I do not believe there is credible evidence
that this is true. What I do know is that it will drain the joy from
those deep in the organization who have the satisfaction each day of
knowing that they have responsibility for making their part of the
business more productive and successful—and more ethical.

**Service suppliers:** For years it seemed as if every banker, insur-
ance company representative, coal supplier, and anyone else who
wanted to sell AES services of some kind called my office for an ap-
pointment. They hoped to persuade me or the CFO or some other
central officer that they should get a large chunk of AES’s business.
This seemingly benign process can easily result in central purchas-
ing of services for plants all over the world.

Over time, I realized that I needed to get out of the middle of
these supplier relationships. The people at our various business
units and on business-development teams knew far better than
I what they needed and who could best supply it. I restricted my
involvement to telling suppliers that we would love to pursue the
possibility of using their services and products—and then directing
them to the appropriate AES people.
The acquisition of knowledge and expertise: One important goal at AES was acquiring knowledge that could be applied to our business. If not approached carefully, this, too, is a process that can be a force for centralization. When people at AES learned things important to the company’s success, we had a tendency to put them in charge of the area or department where this knowledge would be most essential. Our logic was simple: People usually feel comfortable making decisions about subject matter that’s familiar to them. They also enjoy having people turn to them for their newly acquired expertise. The downside is that their colleagues have a tendency to stop learning and instead become dependent on them, often deferring to them for decisions. This creates its own kind of centralization, not at company headquarters but at the plants themselves, which have the ultimate responsibility for making work fun.

Tom Tribone told me of an analysis of several years of operating data at an ARCO chemical plant where he had worked as a young engineer. Operating performance was significantly better on weekends, when supervisors and other leaders and engineers were not in the plant. His conclusion was that staff technicians were more engaged and reacted more quickly to problems without bosses looking over their shoulders. When supervisors were in the plant, the technicians tended to wait for them to manage the situation.

Another illustration of this point came from the people who were building a new porch on our home. When I asked them for a progress report, they replied, “Depends on how much time the boss spends here. We get the job done faster when he is away. No one waits around for him to tell us what’s next. We don’t wait for him to solve the problems. We don’t expect him to anticipate when we are going to need more supplies.”
People become passive under the control of bosses. Ordinary workers need independence and a feeling of control if they are going to take on responsibility, show initiative, and be willing to risk failure. Putting one’s talents on the line is essential to creating a healthy and fun workplace.

**Boards of directors:** I tread lightly in this arena for fear of being misinterpreted. My board was responsible by law for what happened inside the company just as I and other officers were. It was not particularly difficult for AES officers to rely on plant technicians or business development people to make decisions regarding environmental compliance, capital investments, or the plant reserve fund. We knew these people, worked with them every day, and trusted their judgment.

It is much more difficult for part-time board members to defer to employees. Chances are that the board members have not even met them, let alone know them well enough to have confidence in their decisions. The natural tendency is for board members to want a senior officer or plant manager to make important decisions. They argue that society and shareholders hold them responsible for the performance of the company.

It is a good argument, but only up to a point. Senior leaders and board members are responsible, but they cannot possibly approve—or even keep track of—every decision the company makes. If the board insists that top management make 200 decisions it ordinarily wouldn’t make, that still means tens of thousands of decisions are made elsewhere in the organization. We bear the same responsibility for these decisions as we would for the 200 we made. If we delegated these 200 decisions to people deeper in the organization, who are probably better equipped to make them anyway, it wouldn’t reduce our liability or our chances of being sued. It would, however, make a huge difference to the people away from headquarters who experience the joy of playing an important role and knowing that the company trusts their judgment.
Paternalism: On my first visit to Uganda in 1999, my host took me to the source of the Nile and then to the site on the river where we were planning a new hydro facility. Our third stop was a huge sugar cane plantation owned and operated by my host’s family. We drove around the expansive fields where hundreds of people were working. When we passed an area of small, dilapidated housing units, he told me that these were provided free to the workers. He was particularly enthusiastic when we visited a building that served both as school and medical facility. “We provide free schooling and medical care. We have whole families who have been with us for years.” “How much do you pay the workers?” I asked. “Enough,” was the reply. “They don’t really need much. They are well taken care of on the plantation.” My host was very proud of what his family, one of the most respected in Uganda, had accomplished. “What do you think?” he asked, eager to get my reaction. “This is one of the most depressing places I have ever been,” I said with only a little hyperbole. “By Ugandan standards, you are taking great care of these people, but they are not allowed to grow up and become independent adults.”

This experience reminded me of the Tennessee Ernie Ford lyric: “You load 16 tons, what do you get? Another day older and deeper in debt. St. Peter, don’t you call me ’cause I can’t go, I owe my soul to the company store.” Paternalism, whether practiced on a Ugandan sugar cane plantation, in Appalachian coal mines, or in a modern American corporation, is far from dead. Managers around the world still feel the need to take care of workers. On a superficial level, it is an admirable response. But paternalism takes on a different cast when examined more closely. It leaves people in a state of child-like dependence. It prevents workers from taking control of their work and lives. They are never in a position to take risks or make decisions, and so never develop to their full potential. In the end, paternalism kills any chance of joy at work.

When AES purchased a hydro plant in Hunan province, China, we were disturbed by the plight of the workers. Health care and
education were substandard. I was pulled in the direction of doing something to help these people. Most of us have a compassionate impulse that prompts us to say: “We need to intervene.” Sometimes we respond to the needs of employees by providing health care or by promising job security, higher pay, training programs, or child care. These are all “nice” things to do.

While we need to respond to the problems of our employees, we shouldn’t do so for the sake of being “nice” or “good.” Don’t be afraid to try new approaches that give them control over how they want to live their lives. Instead of providing houses and schooling, pay them enough so they make choices about what’s important to them and their families. Resist the temptation to guarantee jobs for life. Treating employees like children is not in their best interest, nor does it serve the goals of an organization.

In earlier days, total concentration on production in factories and on farms was the primary reason that people hated their work. Today, the emphasis on earnings and share price has crowded out the important human qualities needed to run a healthy business—character, values, and concern for colleagues and the integrity of the larger enterprise. From individuals who judge their status in life by the size of their bank accounts to corporations that manipulate their financial results to make their stock price go as high as possible, the desire for wealth often creates systems and practices that are centralized and mechanistic—dictating everything from salary levels to cost controls—and that take the joy out of work.

Despite cosmetic improvements, the workplace has not become a more fulfilling place over the past 50 years. Economic efficiency remains the primary measure of success. Relatively few people are treated as full-fledged adults capable of making sound decisions. Workers are often treated like machines or beasts of burden, almost
as if the company wanted to get the most out of its “assets” before it got rid of them. They rarely get the chance to make decisions or act on them. This lack of freedom may be the single most debilitating and demoralizing factor in the workplace today.

Inside typical modern companies, however, you get a very different view than I have suggested above. Workers, especially those at lower levels, don’t seem overly concerned with job satisfaction—at least at first blush. “I like very much what you are talking about, Dennis, but what I really want is security. I don’t want to risk losing my job.” Then I would ask, “What is the most secure place you could be?” After a few rounds of guessing and suggestions, we usually ended up with “prisons” as the places that offered the most security, with bed and board to boot. When confronted with the logical extension of their desire for security, most people saw the fallacy of the goal. Children require security, but when they become adults, the desire for security inhibits their uniquely human abilities to make decisions, take risks, learn new things, fail, grow, make progress, experience loss, and then make progress again. We need to design organizations that encourage people to look beyond job security and seek the psychic rewards that come with a creative, enterprising approach to work. Many of the world’s large organizations are filled with people trapped in the dead-end goal of seeking security. It is the enemy of joy at work.

In my experience, most people don’t believe that fun and work can coexist. In large organizations, so few executives have experienced a joyful workplace that they have no idea how to create one. The result: Most employees grasp for high pay and benefits, fewer hours on the job, the mindless comfort of routine, less responsibility, early retirement, and job security. All are hollow substitutes for a rewarding, stimulating workplace.

If you’re lucky, the workplace created by the Industrial Revolution may put food on the table, pay for your kids’ schooling, and even provide for a comfortable retirement. But “where’s the love, man?” as the old Bud Light commercial asked. Where is the love for work
and accomplishment? Where are the other unique traits and gifts and frailties that make us human? Where is the passion to serve? Maybe these were left on Collin Doherty’s farm, or maybe they were lost in the race for productivity and profits. I believe, however, that nothing so fundamental to human nature can be lost forever. If that is true, it will transcend even a movement as powerful as industrialization. It remains alive in many of our homes. It is preached in our churches, synagogues, and mosques. It exists in our memories of teamwork and competition in gyms and on playing fields. I am confident that it cannot be long absent from the place where we spend most of our waking hours—at work.